

Arizona State Parks Board

February 17, 2010



Legislative Update

6th Special Session:

SB 1004 – Arizona Lottery reauthorized for 25 years.

2nd Regular Session:

HB 2628 & HCR 2040 – Measures would add a fee at the time of vehicle registration or sale for support of State Parks.

SB 1349 – Provides emergency procurement authority for State Parks to negotiate with private companies.

SB 1370/HB 2786 – Would require State Parks to lease Lake Havasu State Park to Lake Havasu City for 25 years.

Revenue Forecast

Enhancement Fund

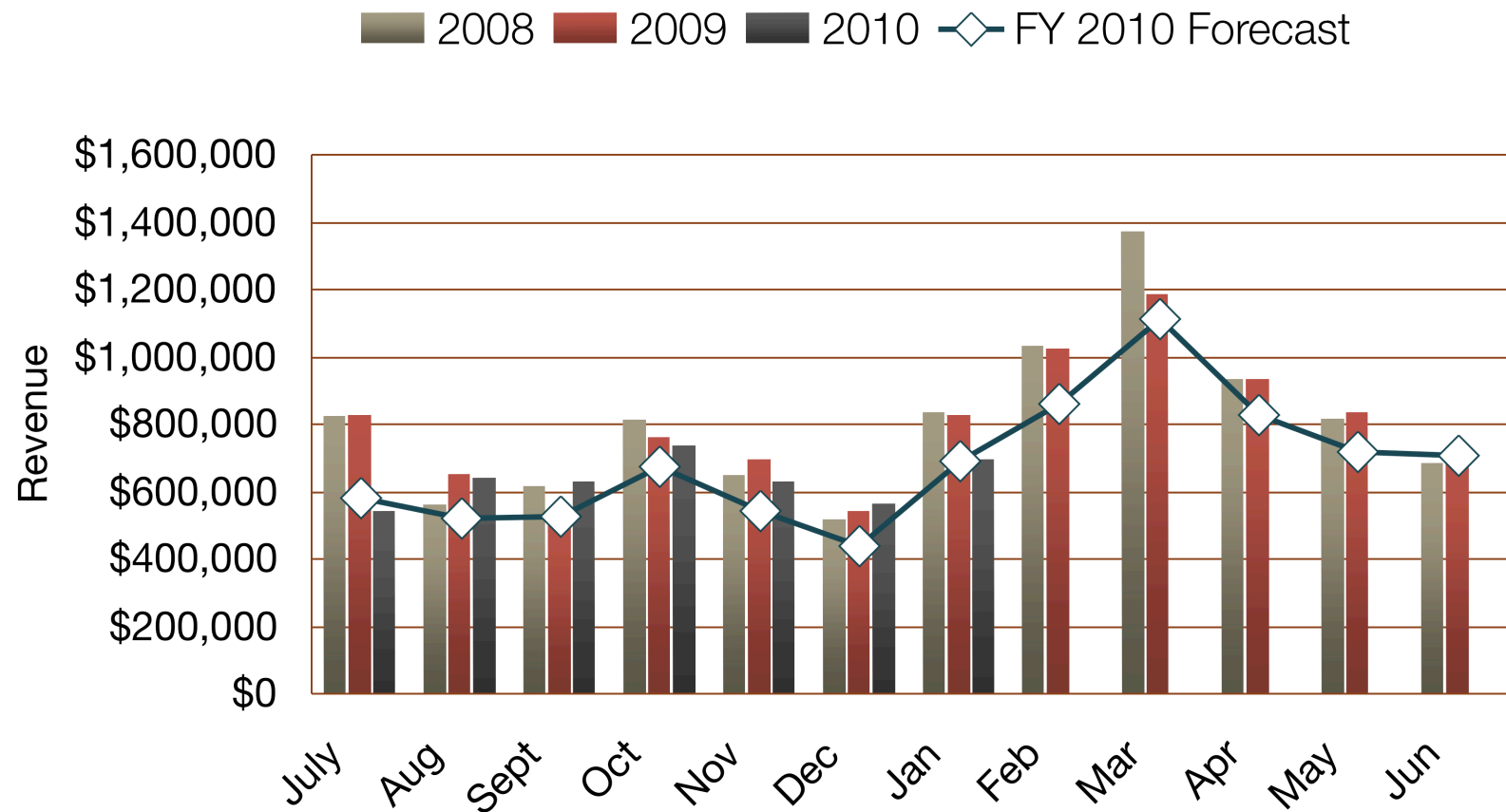
State Lake Improvement Fund

Off-Highway Vehicle Recreation Fund

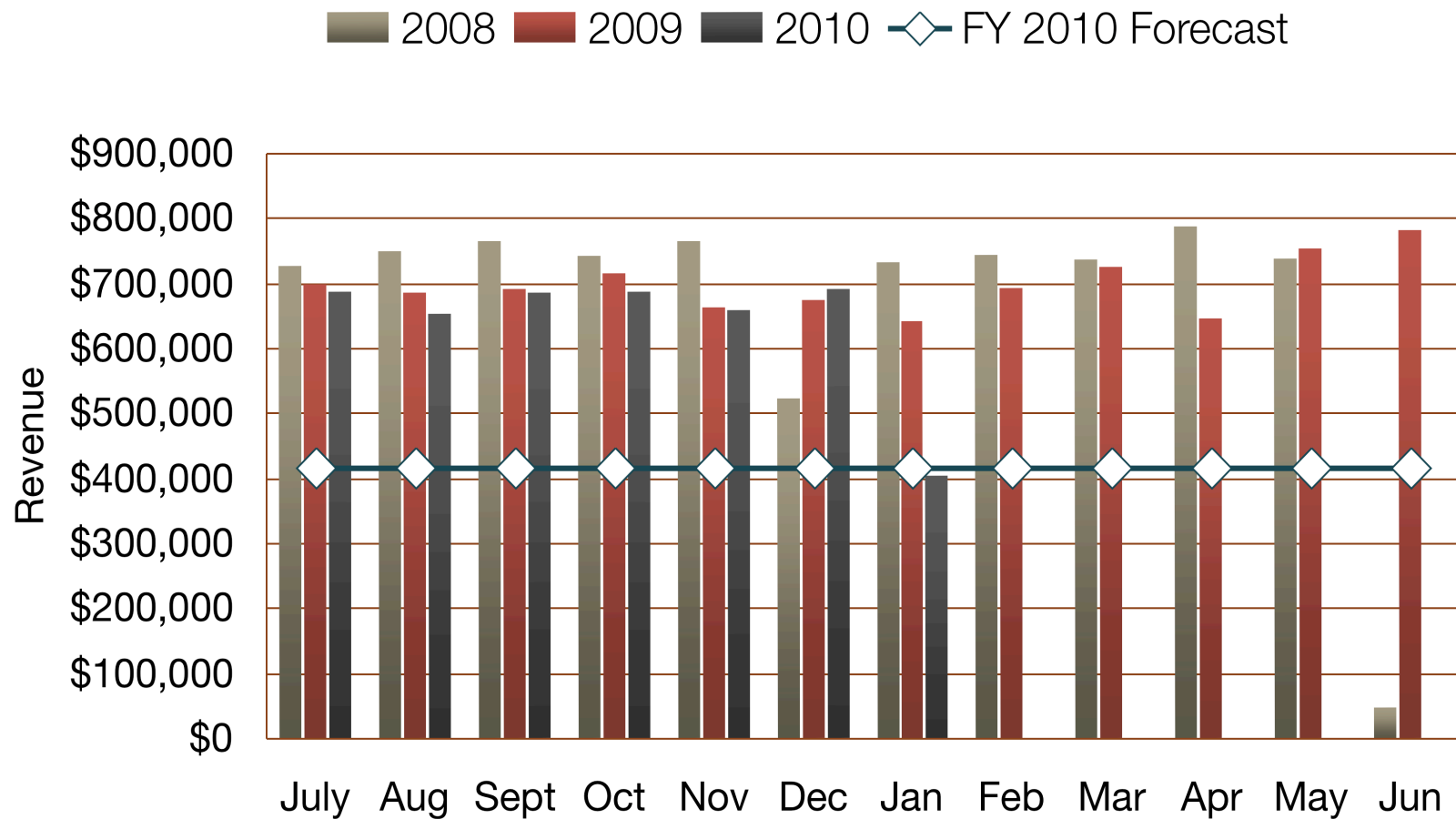
All Funds-Interest Earnings

Enhancement Fund

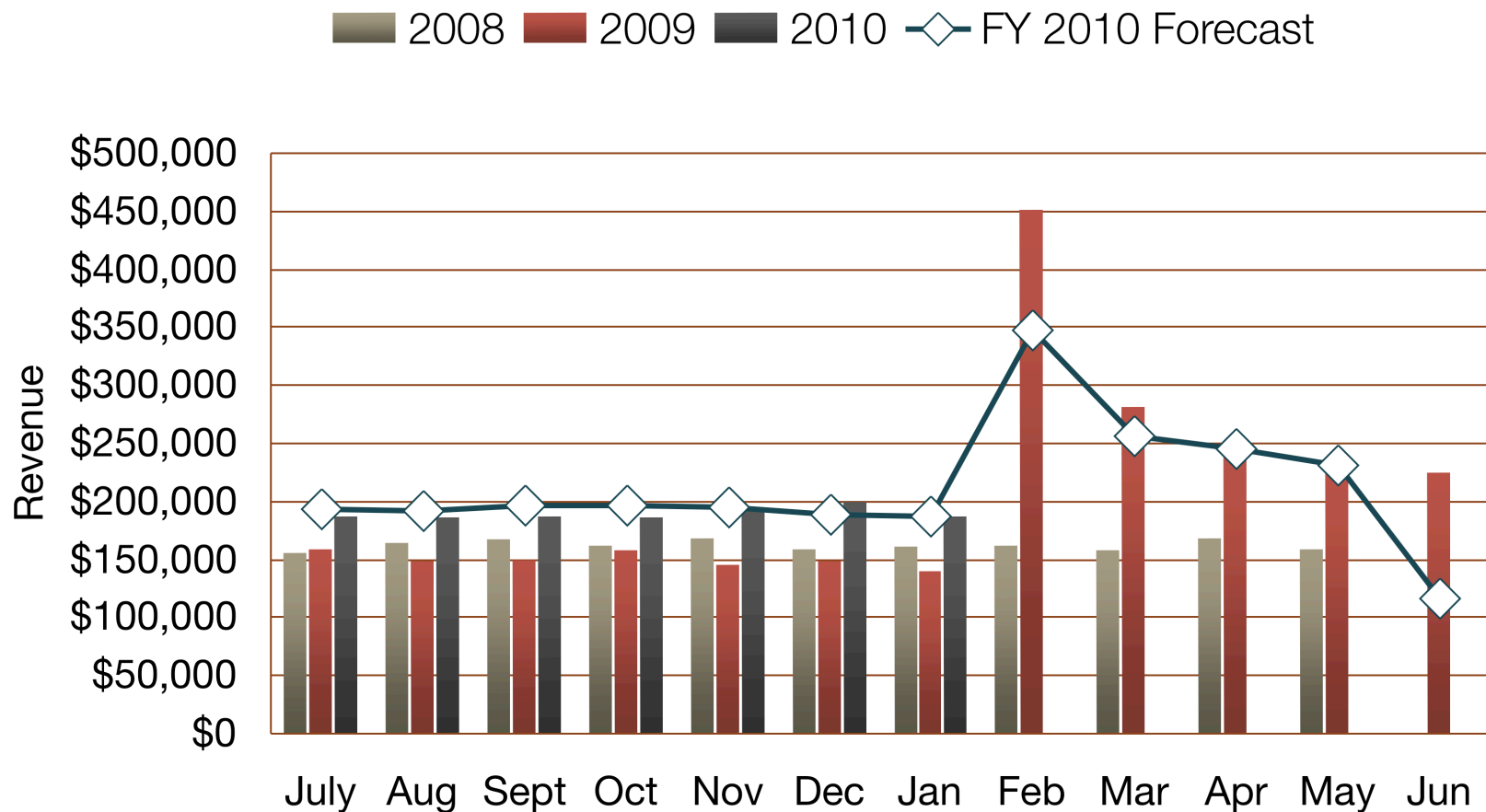
FY 2008-FY 2010 Revenue



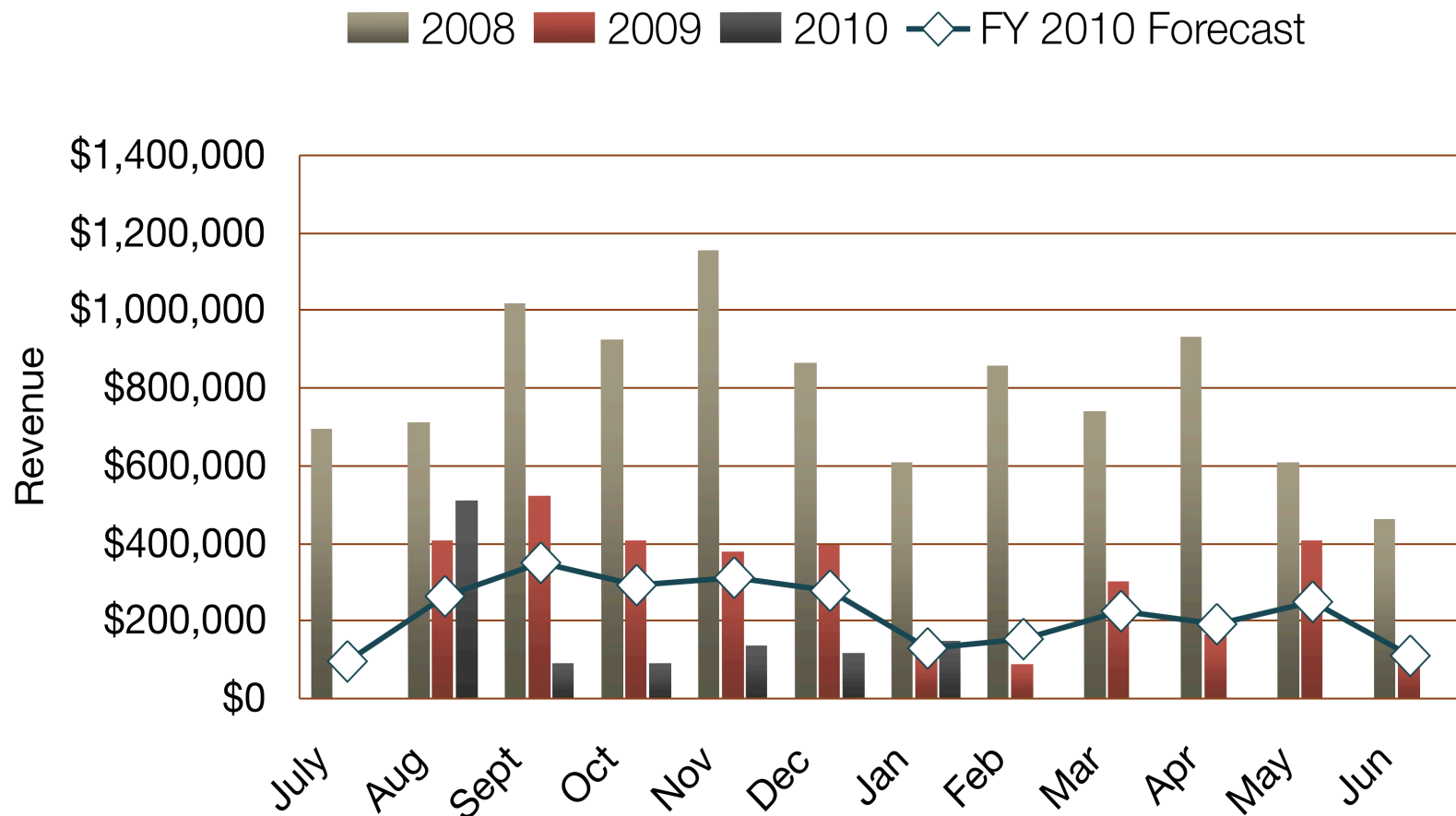
State Lake Improvement Fund FY 2008-FY 2010 Revenue



Off-Highway Vehicle Fund FY 2008-FY 2010 Revenue



All Funds Interest Earnings FY 2008-FY 2010 Revenue



Executive and JLBC Budget Change Recommendations

Arizona State Parks FY2010 and FY2011

Funds	Additional JLBC Mid-Year FY 2010 EBT	Additional Executive Mid-Year FY 2010 EBT	JLBC "Options" for FY 2011 EBT	Executive Budget FY 2011 EBT	JLBC FY 2011 Options FRAT	Executive Budget FY 2011 FRAT
Enhancement Fund					\$ (671,000)	\$ 671,000
Reservation Surcharge					\$ (96,600)	\$ (247,400)
Partnerships Fund			\$ (61,000)		\$ (14,000)	
State Lake Improvement Fund			\$ (345,000)		\$ (329,800)	
Heritage Fund Transfer	\$ (5,000,000)	\$ (5,000,000)	\$ (10,000,000)	\$ (10,000,000)		
Heritage Fund EBT	\$ (1,099,400)		\$ (1,105,100)			
Off Highway Vehicle	\$ (730,000)	\$ (250,000)	\$ (745,000)		\$ (258,200)	
Publications & Souvenirs	\$ (48,700)		\$ (37,500)		\$ (60,200)	
Totals Before LCF	\$ (6,878,100)	\$ (5,250,000)	\$ (11,887,600)	\$ (10,000,000)	\$ (1,429,800)	\$ 423,600
Land Conservation Fund Diversion			\$ (20,000,000)	\$ (20,000,000)		
Land Conservation Fund Sweep			\$ (103,538,600)	\$ (103,538,600)		
Total Budget Changes	\$ (6,878,100)	\$ (5,250,000)	\$ (135,426,200)	\$ (133,538,600)	\$ (1,429,800)	\$ 423,600

EBT = Excess Balance Transfer. FRAT = Fund Reduction and Transfer

* Executive recommends 5% reduction in all salaries. Retirement points from 80 to 85 pts and salary average based on 60 not 36 avg. salary

FY 2009 and FY 2010 Legislative Sweeps & Reductions- Transfers to General Fund and Other State Agencies

- FY 2009 \$34,569,600
- FY 2010 \$19,228,800
- ***Total*** ***\$53,798,400***

Since July 1, 2008

Detail Spreadsheet on Page 14, Board Report

Cash Transfers in 2010 Required by Statute

5th Special Session, Chapter 1, December 2009

Fund Name	Operating Reductions (FRAT)	Excess Balance Transfer (EBT)	Total
Enhancement Fund	\$ 671,300	\$ 1,630,800	\$ 2,302,100
Heritage Fund	\$ 1,784,700	\$ 2,124,700	\$ 3,909,400
State Lake Improvement	\$ 528,500	\$ 1,387,300	\$ 1,915,800
Publications	\$ 37,500	\$ 94,000	\$ 131,500
Partnerships Fund		\$ 156,900	\$ 156,900
Donations		\$ 213,900	\$ 213,900
Totals	\$ 3,022,000	\$ 5,607,600	\$ 8,629,600

Useful Definitions of Budget Terms

- Excess Balance Transfer (EBT) - A “Sweep” or a draw from a fund’s cash balance to the State’s General Fund.
- Fund Reduction and Transfer (FRAT) - A reduction of expenditure authority, and in the case of revenue generating funds- with a corresponding cash transfer to the State’s General Fund.
- Backfill – A legislatively approved mechanism that allows transfer of cash from one Arizona State Parks fund to another Arizona State Parks fund in order to comply with a legislated transfer or reduction. Requires State Comptroller approval and coordination with Governor’s Budget Office, and a review by the JLBC. (5th Legislative Special Session, 2009 Session Law Chapter 1, Section 3 Transfers)

Budget Priority and Objective

Priority:

Keep parks open and operating.

Objective:

Maintain and grow the operating budget.

Board Options to Meet 5th Special Session Reductions – Heritage Fund

OPTION 1 (Agenda Item H1)- Postpone State Park Capital Projects

OPTION 2 (Agenda Item H2) – Cancel Open Heritage Fund Grants

Staff Recommendation – Implement Both Options (Agenda Item H3)

Board Options to Meet 5th Special Session Reductions

OPTION 1- Postpone and reallocate Arizona State Parks Capital Projects and reallocate unallocated Heritage Fund FY 2010 revenues: **\$7,654,150**

- \$5,254,150 Capital Projects
- \$2,400,000 Unallocated Heritage Fund revenues

OPTION 2- Executive Recommendation. Cancel and reallocate open Heritage Grant Program funds and reallocate unallocated Heritage Fund FY 2010 revenues: : **\$6,323,242:**

- \$3,923,242 Open Grants
- \$2,400,000 Unallocated Heritage Fund revenues

Staff Recommendation – Implement Both Options: \$11,577,292

- \$5,254,150 Capital Projects
- \$3,923,242 Open Grants
- \$2,400,000 Unallocated Heritage Fund revenues

Option 1-Capital

**Reallocation of Capital
Improvement Funds**

Agenda Item H1

Consider Reallocation of Capital Improvement Plan Funds

Recommended Reallocating Funds	\$5.3 million
Recommended Continuing Projects	\$6.5 million
Total Capital Funds	\$11.8 million

Main Projects Postponed

Buckskin/River Island	Residence Area
Lake Havasu	Water/Fire Main, Campground Improvements
Red Rock	Restrooms
Tonto	Lodge Renovation (Phase III)
Statewide Parks	ADA Compliance, ADEQ Compliance

Net Project Project Reductions:	\$2,030,460
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Unallocated Capital Funds (Including Expected Heritage Fund Revenues)	<u>\$3,223,690</u>
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Total Capital Funds for Reallocation	<u>\$5,254,150</u>
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Detail Spreadsheet on Page 17, Board Report

Main Continuing Projects

Buckskin/River Island	Lift Station, Water Treatment, Shoreline Stabilization
Jerome	Douglas Mansion Stabilization
Lost Dutchman	Restroom/Shower, Campsites
Slide Rock	Wastewater Treatment Plant and Restrooms

Total Recommended Continuing Projects: **\$6,513,426**

Detail Spreadsheet on Page 18, Board Report

Option 2-Grants

**Cancel and Reallocate
Heritage Grant Funds**

Agenda Item H2

Executive Recommendation: Cancel Open Heritage Fund Grants

<u>FY 2010 Fund Source</u>	<u># Open Grants</u>	<u>Unexpended Balance</u>
Local, Regional and State Parks	8	\$2,243,636
Heritage Historic Preservation	25	\$1,134,887
Heritage Fund Trails	11	\$544,719
Total Heritage Fund Grants*	44	\$3,923,242

* Balance as of 1/29. This amount will be reduced as grant invoices are received and paid.

Detail Spreadsheet on Page 20, 21 of Board Report

Recommendations

Staff Recommendation

**Reallocation of Capital Improvement
Funds & Cancel and Reallocate
Heritage Grant Funds**

Agenda Item H3

Source of Reallocated Capital and Grant Program Funds

Revenue Source Applied: HF = Heritage Fund SLIF = State Lake Improvement Fund	Capital & Grants Reallocation Applications
HF Re-allocated Capital Funds*	\$4,852,150
SLIF Re-allocated Capital Funds*	402,000
Cancelled HF Grants Balance	3,923,242
HF Anticipated Unallocated Revenue	2,400,000
Subtotal Available Funds	\$11,577,392

* Combined total of Reallocated Heritage and State Lake Improvement Fund Capital Projects is **\$5,254,150**

Recommended Disposition of Reallocated Capital and Grant Program Funds

Revenue Source Applied: EF = Enhancement Fund HF = Heritage Fund SLIF = State Lake Improvement Fund	Capital & Grants Reallocation Applications
Subtotal Available Funds	\$11,577,392
SLIF FRAT	(402,000)
HF FRAT	(1,784,700)
HF EBT	(2,124,700)
Funds to Close Parks - HF	(1,620,000)
Three existing staff members - HF	(256,400)
FY 10 Tonto COP Lease Purchase – HF	(448,300)
Use of Funds	\$(6,636,100)
Maximum Available Remaining Balance for Backfills	\$4,941,292
Backfill EF and SLIF FRAT and EBT	(4,217,900)
HF Balance	\$723,392

Options Summary

	OPTION 1 (H1)	OPTION 2 (H2)	STAFF RECOMMENDATION (H3)
Revenue Source Applied:			
Heritage Fund - HF	Capital	Grants	Capital & Grants
State Lake Improvement Fund - SLIF	Reallocation	Reallocation	Reallocation Applications
Enhancement Fund - EF	Applications	Applications	
HF Re-allocated Capital	\$4,852,150		\$4,852,150
SLIF Re-allocated Capital	402,000		402,000
Cancelled HF Grants Balance		3,923,242	3,923,242
HF Anticipated Unallocated Revenue	2,400,000	2,400,000	2,400,000
Subtotal Available Funds	\$7,654,150	\$6,323,242	\$11,577,392
SLIF FRAT	(402,000)		(402,000)
HF FRAT	(1,784,700)	(1,784,700)	(1,784,700)
HF EBT	(2,124,700)	(2,124,700)	(2,124,700)
Funds to Close Parks - HF	(1,620,000)	(1,620,000)	(1,620,000)
Three existing staff members - HF	(256,400)	(256,400)	(256,400)
Tonto COP Lease Purchase - HF	(448,300)	(448,300)	(448,300)
Use of Funds	\$(6,636,100)	\$(6,234,100)	\$(6,636,100)
Maximum Available Remaining Balance for Backfills	1,018,050	89,142	4,941,292
Backfill EF and SLIF FRAT & EBT	(4,217,900)	(4,217,900)	(4,217,900)
HF Balance			\$723,392

Risks and Opportunities

- Approval to use Heritage Fund for backfill of sweeps.
- Pending legislative changes.
- Seeking a General Fund Loan for FY 2011.

Fiscal Budget Revisions

2010 Recommended Budget
Revisions- February 2010

Agenda Item H5

FY 2010 Staff Recommendations for Operating Budget - February 2010

Issues:

- 5th Special Session Reductions (FRATs) of \$709,000
- LCF interest revenue shortfall of \$470,000
- Total impact of \$1,179,000

Remedies:

- Add \$500,000 of HF Environmental Education
- Substitute \$256,400 of Heritage capital funds for 3 full time employees working on historic preservation and capital projects.

FY 2010 Staff Recommendations for Operating Budget - February 2010

FY 2010 Fund Source	Current Budget August 2009	Revision from August	New Recommended Amount
Enhancement Fund	\$8,502,500	\$(740,300)	\$7,762,200
Reservation Surcharge Fund	\$307,400		\$307,400
Heritage Fund Interest	\$1,270,000		\$1,270,000
Heritage Fund Natural Areas Operating	\$500,000		\$500,000
Heritage Fund Environmental Education	\$ 600,000	\$500,000	\$1,100,000
Heritage Fund Trails	\$100,000		\$100,000
Off-Highway Vehicle Fund (OHV)	\$953,600		\$953,600
State Lake Improvement Fund (SLIF)	\$5,481,600	\$(187,400)	\$5,294,200
Land Conservation Fund Interest	\$2,225,000	\$(470,000)	\$1,755,000
Federal Fund Operating	\$929,800		\$929,800
Partnerships Fund	\$112,400		\$112,400
Publication and Souvenirs Fund	\$500,000	\$(37,500)	\$462,500
Donations	\$10,000		\$10,000
Heritage Fund Acq. & Development		\$187,400	\$187,400
Heritage Fund Historic Preservation		\$69,000	\$69,000
Total Operating Budget FY 2010	\$21,492,300	\$(678,800)	\$20,813,500

Planned Park Closures

Agenda Item H6

Planned Park Closures H6

February 22, 2010

Homolovi Ruins State Park

Lyman Lake State Park

Riordan Mansion State Historic Park
(Amend closing date to March 29, 2010)

Planned Park Closures H6

March 29, 2010

Fort Verde State Historic Park

Roper Lake State Park

Tombstone Courthouse State Historic Park

Tubac Presidio State Historic Park

Yuma Prison State Historic Park

Planned Park Closures H6

June 3, 2010

Alamo Lake State Parks

Lost Dutchman State Park

Picacho Peak State Park

Red Rock State Park

Tonto Natural Bridge State Park

Arizona State Parks Board

February 17, 2010

